

PUBLIC DISCLOSURE

October 30, 2002

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

ROXBURY-HIGHLAND CO-OPERATIVE BANK

515 CENTRE STREET
BOSTON, MA 02130

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of ROXBURY-HIGHLAND CO-OPERATIVE BANK prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"

Based on the five criteria specified for institutions with assets under \$250 million, Roxbury-Highland Co-operative Bank's overall CRA performance is considered Satisfactory. The bank's loan-to-deposit ratio averaged 71.6 percent for the last eight quarters and stood at 71.0 percent as of September 30, 2002. These figures exemplify adequate performance levels that meet the standards for satisfactory performance based on the bank's size, customer credit needs, and the competitive market in which it operates.

Mortgage loan data for calendar year 2001 and year-to-date 2002, indicates that Roxbury-Highland Co-operative Bank originates the majority of its residential mortgages within the assessment area. The bank meets the standards for satisfactory performance in this category.

Low- and moderate-income households represent 46.6 percent of total households. The bank's performance in lending to borrowers of different income levels is considered to be reasonable when compared to aggregate data and the overall households that reside within the assessment area's low- and moderate-income range.

The bank's assessment area has 4 low-income census tracts, 11 moderate-income census tracts and 3 middle-income census tracts. Based on the analysis of the geographic distribution of loans within each locality, the bank's performance is considered very good.

Finally, based on a review of the bank's CRA-related complaint file and fair lending policies and practices, no evidence of any discriminatory practices was noted.

PERFORMANCE CONTEXT

Description of Institution

Roxbury-Highland Co-operative Bank (RHCB) is a state-chartered mutual institution incorporated under the laws of the Commonwealth on October 3, 1889. The bank's headquarters and only office is located at 515 Centre Street in the Jamaica Plain section of the City of Boston. The sole office is situated within a middle-income census tract. The office has two ATMs that provide 24-hour service. The ATM located in the main office lobby and another is located in the teller drive-up. The ATMs are connected to the NYCE and Cirrus networks. In addition, RHCB is a member of the SUM network, which is a surcharge-free alliance of several financial institutions that include over 1,000 ATMs throughout Massachusetts. The bank's customers can avoid ATM surcharges by conducting business at alliance members' ATMs that bear the SUM logo.

Bank services and hours of operation compare favorably to those of competing institutions and afford accessibility to all segments of RHCB's assessment area. Business hours are from 9 a.m. to 3 p.m. weekdays. The bank provides extended business hours on Friday to 4 p.m. and Saturday morning business hours are from 9 a.m. to 12 p.m.

The bank faces competition from other institutions that operate within the assessment area. Other participants within the bank's competitive mortgage market include large national and regional lenders such as Washington Mutual, GMAC Mortgage, Countrywide Home Loans, North American Mortgage Company, BankBoston N.A. and NAMCO Asset Management, Incorporated. Also, the bank experiences competition from other bank and non-bank mortgage lenders that operate in the local area.

As of September 30, 2002, RHCB had total assets of \$30.9 million. Total loans represent 59.0 percent of the bank's total assets. RHCB is primarily a residential mortgage lender with 73.8 percent of its loan portfolio comprised of residential loans. Loans on nonresidential properties are next with 23.9 percent of the total portfolio. The following table includes other categories consisting of consumer loans, which represents less than 3 percent of the loan portfolio.

Loan Distribution		
Loan Type	Dollar Amount (\$000)	Percent (%)
Secured by:		
1-4 Family Residential Properties	13,290	73.0
Multi Family (5 or more) Residential Properties	151	0.8
Nonresidential Properties	4,366	23.9
Consumer Loans	426	2.3
Less unearned income	-29	0.0
Total	18,204	100.0

Source: Report of Condition

RHCB's assets increased 28.4 percent between December 31, 2000, and September 30, 2002. This is due in part to an increase in loan volume. Also, total deposits increased by more than 19.4 percent during the same period.

The Federal Deposit Insurance Corporation (FDIC) last examined the bank for compliance with the Community Reinvestment Act on April 9, 2001. That examination resulted in a CRA rating of "Satisfactory." The previous CRA examination conducted by the Division of Banks on August 4, 1998, received a CRA rating of "High Satisfactory."

Description of Assessment Area

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which its lending efforts are focused. The Division of Banks (Division) evaluates the institution's CRA performance based upon the defined assessment area.

Roxbury-Highland Co-operative Bank has defined its assessment area as the Jamaica Plain section of the City of Boston and portions of Roxbury and Roslindale, which are also Boston communities. The assessment area is located within the Boston Metropolitan Statistical Area (MSA). The geographies that make-up the assessment area are representative of three of the four income categories that define census tracts and borrowers. Low-income is defined as income level or area that earns less than 50 percent of the MSA's median family income. Moderate-income is defined as an income level that is 50 percent to less than 80 percent of the MSA's median family income. Middle-income is defined as an income level that is 80 percent to less than 120 percent of the MSA median family income, while upper-income is defined as an income level that is equal to or greater than 120 percent of the MSA's median family income. The assessment area is composed of a total of 18 census tracts: 4 low-income; 11 moderate-income; and 3 middle-income. The assessment area has no upper-income census tracts.

Based on the 1990 U.S. Census data HUD median family income for the Boston MSA was \$48,688. Subsequently, HUD makes annual adjustments of MSA median family income figures. The adjusted median family incomes for the MSA for 2001 and 2002 were \$70,000 and \$74,200, respectively. Based upon the definitions of the various income levels, the adjusted figures for low-income individuals and moderate-income individuals are also indicated in the following table.

Annual Income		Adjusted Annual Income Levels	
Boston MSA	Amount	Low-income <50% MSA MFI ¹	Moderate-income 50%-79% MSA MFI
		<50%	50%-79%
Year: 2001	\$70,000	\$34,999	\$35,000 - \$55,300
Year: 2002	\$74,200	\$37,099	\$37,100 - \$58,618

¹Median Family Income

The majority of the assessment area's census tracts, as depicted in the table below, is distributed within middle-income tracts. The table also shows the percentage of households that reside in the various census tract categories. Information pertaining to household income levels is shown in the Performance Criteria portion of this evaluation.

<i>Selected Housing Characteristics by Income Category of the Geography</i>							
Geographic Income Category	Percentage						Median Home Value
	Census Tracts	House- holds	Housing Units	Owner- Occupied	Rental Units	Vacant Units	
Low	22.2	19.7	19.7	8.6	24.5	18.5	\$207,635
Moderate	61.1	53.5	55.1	49.4	55.8	68.1	\$150,256
Middle	16.7	26.8	25.2	42.0	19.7	13.4	\$198,117
Total or Median	100.0	100.0	100.0	100.0	100.0	100.0	\$173,607

Source: 1990 U.S. Census

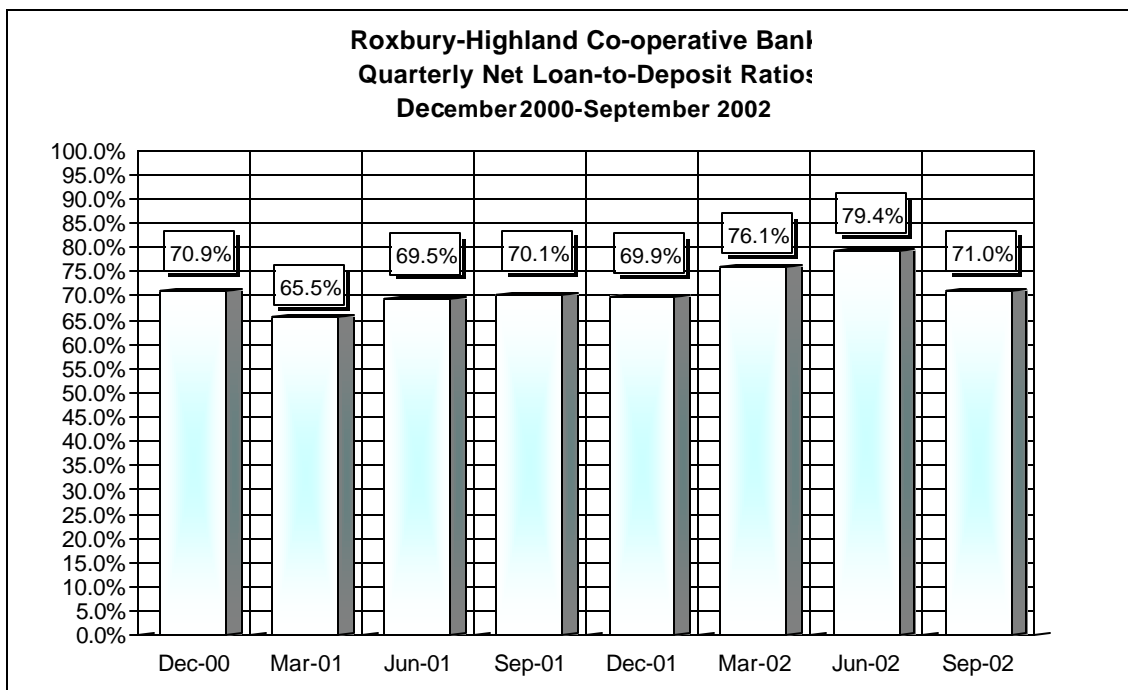
Based on the 1990 census, the assessment area has a total population of 72,121 individuals. Of the 26,743 households, 36.4 percent are low-income, 19.4 percent are moderate-income, 18.7 percent are middle-income and 25.5 percent are upper-income. The housing stock is comprised of 29,339 units, 62.3 percent of which is 1-to-4 family and 36.7 percent is multi-family. Approximately, 27.1 percent of the total units are owner-occupied. The median home values based on individual census tracts ranged from a low of \$141,002 to a high of \$210,771.

PERFORMANCE CRITERIA

1. LOAN TO DEPOSIT ANALYSIS

Based upon Roxbury-Highland Co-operative Bank's asset size, its capacity to lend, and the credit needs of its customers, the institution's net loan-to-deposit ratio meets the standards for satisfactory performance.

An analysis of the bank's net loan-to-deposit (LTD) ratio was performed during the examination. The analysis utilized the last eight quarters of the Federal Financial Institutions Examination Council (FFIEC) Call Report data for this institution. The bank's net loans-to-deposits, as reported to the FFIEC, were reviewed for the quarters ending December 31, 2000, through September 30, 2002. The following chart indicates that for the period reviewed, the bank's net LTD ratios were reasonably consistent with an average of 71.6 percent. Call report data for this period indicates that total loans increased by approximately 19.3 percent while total deposits increased by approximately 19.4 percent. Thus, the relatively stable ratios are attributed to deposit base growth that kept pace with the loan growth.



The growth in the loan portfolio is attributed primarily to residential loan activity. For the 12-month period June 30, 2001 to June 30, 2002, residential loans increased 17.4 percent.

It is also noted that the bank relies on borrowing from the Federal Home Loan Bank to help fund its loan activity.

RHCB's net loan-to-deposit ratio for June 30, 2002, is indicated below in a comparison to three other similarly situated institutions. The following information indicates that RHCB's net loans-to-deposit ratio compares favorably to other area banks of similar type.

Net Loans-to-Deposit Ratios as of June 30, 2002		
Bank	Asset Size (000s)	% net LTD
The Co-operative Bank	\$201,525	88.3
Roxbury Highland Co-operative Bank	\$29,703	79.4
Dedham Co-operative Bank	\$71,156	67.9
Hyde Park Co-operative Bank	\$105,908	58.4

Based on the foregoing information, the bank's asset size and resources, and the credit needs of its customers, the bank's net loan-to-deposit ratio is considered to be adequate.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

Based upon the analysis of residential loan data, the bank's level of lending within the assessment area meets the standards for satisfactory performance.

Residential loans were used to compare the institution's level of lending activity inside the assessment area. The data represented residential loans made during calendar year 2001 and year-to-date 2002. This data was also used to compare the level of lending outside the assessment area. These loans consisted of first and second mortgages and home improvement loans on one to four family properties.

According to the institution's residential loan data, the bank originated 32 loans inside the assessment area representing 72.7 percent of the total number, or 75.7 percent of the total dollar volume of \$6.9 million. The Jamaica Plain section of the City of Boston accounted for 52.3 percent of the total number and 58.5 percent of the total dollar volume. Refer to the following tables for a breakdown of loan activity.

<i>Distribution of Home Mortgage Loans Inside and Outside of the Assessment Area</i>								
Year	Inside				Outside			
	Number of Loans		Dollar in Loans (000s)		Number of Loans		Dollars in Loans (000s)	
	#	%	\$	%	#	%	\$	%
2001	16	66.7	2,713.0	71.2	8	33.3	1,097.0	28.8
2002*	16	80.0	2,507.3	81.2	4	20.0	581.6	18.8
Total	32	72.7	5,220.3	75.7	12	27.3	1,678.6	24.3

Source: Bank Loan Data *Year-to-date

The residential loan data presented above indicate that RHCB extends the majority of its loans, by number and dollar volume, within the assessment area. The overall rate of lending within the assessment area is at a satisfactory level.

Market share data for 2001 was also reviewed with respect to this performance criterion. The data is based on loan information submitted to the Federal Reserve by all HMDA reporters. In 2001, there were 238 lenders that originated and purchased a total of 3,617 HMDA-reportable loans within the assessment area. The bank's ranking tied for 34th place with .44 percent market share at that time. Washington Mutual Bank, FA and GMAC Mortgage held the top two positions with a market share of 7.3 percent and 6.36 percent, respectively.

Roxbury-Highland Co-operative Bank has made an impact on loan volume within its assessment area due to the drop in interest rates. The bank's lending volume increased during first half of 2002, mostly due to refinanced loans as a result of lower interest rates.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The distribution of residential loans to borrowers of different incomes reflects adequate penetration among all income levels. Based upon this analysis, the bank's efforts meet the standards for satisfactory performance.

Further analysis of RHCB's loan data was conducted in order to determine the distribution of loans based upon the income levels of borrowers. The analysis of borrower income level was identified as the ratio of borrower income to the median family income for the assessment area towns located within the Boston MSA. The median family income is based upon estimated 2001 and 2002 Department of Housing and Urban Development (HUD) information for each MSA.

The following table indicates loans originated and categorized by the applicants' reported income in relation to the median family income for the MSA in which the property is located. Loans extended to borrowers with incomes within the upper-income level for the MSA median family income represented the largest individual category with 43.7 percent of the total number for the period reviewed. Loans extended to borrowers of moderate-income were next with 28.1 percent of the total number. Loans to borrowers of middle-income and low-income represented 18.8 percent and 9.4 percent of loans originated, respectively. The following table provides a breakdown of residential loans originated by number categorized by the applicants' income level.

<i>Distribution of Residential Loans by Borrower Income (Number)</i>								
Median MSA Income Level	% Total Households ¹	² Aggregate Lending Data (% of #) 2001	2001		2002*		Total	
			#	%	#	%	#	%
Low	27.3	4.8	2	12.5	1	6.2	3	9.4
Moderate	19.3	16.8	5	31.2	4	25.0	9	28.1
Middle	19.7	22.4	3	18.8	3	18.8	6	18.8
Upper	33.7	38.0	6	37.5	8	50.0	14	43.7
NA	0.0	18.0	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	16	100.0	16	100.0	32	100.0

Source: Bank Loan Data *Year-to-Date ¹U.S. Census, ²CRA WIZ HMDA Aggregate Data

The results of the analysis indicated the number of residential loans originated by the bank among low- and moderate-income borrowers was proportionately higher, by percentage, than the HMDA reporters that made loans within the assessment area. The percentage of RHCB's residential loans by number granted to low-income and moderate-income

borrowers at 12.5 percent and 31.2 percent, respectively, was proportionately greater than that of all other lenders. In addition, the bank's overall lending among moderate-income borrowers with 28.1 percent of the number and 21.1 percent of the dollar amount, as indicated in the following table, was at a higher level than the percentage of total households within that income category.

<i>Distribution of Residential Loans by Borrower Income (Dollar)</i>								
Median MSA Income Level	¹ % Total Households	² 2001 Aggregate Lending Data (% of \$)	2001		2002*		Total	
			\$(000)	%	\$(000)	%	\$(000)	%
Low	27.3	2.5	90.0	3.3	52.0	2.1	142.0	2.7
Moderate	19.3	11.2	569.0	21.0	533.7	21.3	1,102.7	21.1
Middle	19.7	19.7	725.0	26.7	527.6	21.0	1,252.6	24.0
Upper	33.7	45.4	1,329.0	49.0	1,394.0	55.6	2,723.0	52.2
NA	0.0	21.2	0	0.0	0	0.0	0	0.0
Total	100.0	100.0	2,713.0	100.0	2,507.3	100.0	5,220.3	100.0

Source: Bank Loan Data *Year-to-Date ¹U.S. Census, ²CRA WIZ HMDA Aggregate Data

The preceding table shows the dollar volume of residential loans originated by RHCB in comparison to all other lenders who made loans within the assessment area during calendar year 2001, the latest data available for aggregate information.

The results of the analysis indicated that residential loans originated by the bank among low- and moderate-income borrowers were proportionately higher in dollar volume than HMDA reporters that made loans within the assessment area. The percentage of RHCB's residential loans granted to low-income borrowers at 3.3 percent of the dollar volume was greater than that of all other lenders. In addition, the lending by RHCB among borrowers of moderate-income, with 21.0 percent of the dollar volume, indicates higher figures than the aggregate.

Based upon the analysis of borrower income, the distribution of residential loans indicates a reasonable penetration among the different income levels.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

The analysis of the geographic distribution of residential loans and a comparative analysis of 2001 aggregate lending data indicate that Roxbury-Highland Co-operative Bank's efforts exceeds the standards for satisfactory performance.

The following table notes the number of residential loans originated within the assessment area by census tract classification. The following table indicates that 62.5 percent of the number were originated in the assessment area's moderate-income tracts. Loans originated in the middle-income tracts represented 25.0 percent of the total number. These figures exceed the rate of owner-occupancy within the assessment area's low- and moderate-income census tract income categories. In addition, the distribution of the bank's loans within the moderate-income census tract categories for 2001 is considerably higher than that of the aggregate lending data.

Distribution of Residential Loans by Income Category of the Census Tract								
Census Tract Income Level	% Total Owner- Occupied Housing Units ¹	² Aggregate Lending Data(% of #)	2001		2002*		Total	
			#	%	#	%	#	%
Low	3.5	9.3	1	6.2	3	18.8	4	12.5
Moderate	40.0	50.8	12	75.0	8	50.0	20	62.5
Middle	56.5	39.9	3	18.8	5	31.3	8	25.0
Total	100.0	100.0	16	100.0	16	100.0	32	100.0

Source: Bank Loan Data, *Year-to-Date, ¹U.S. Census Data, ²CRA WIZ HMDA Aggregate Data

As the above table indicates, owner-occupied properties within the assessment area's low-income tracts represent 3.5 percent of the total, and owner-occupied properties within moderate-income tracts represent 40.0 percent of the total. Although the majority of owner-occupied properties are within middle-income tracts the majority of the bank's lending is within moderate-income tracts. Based upon this analysis, the distribution of RHCB's residential loans among various census tracts is considered very good.

5. REVIEW OF COMPLAINTS

Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

FAIR LENDING POLICIES AND PRACTICES

The bank has an internet website that provides general banking information. No credit or deposit transactions can be accessed via the Internet website.

RHCB's fair lending data was reviewed to determine how it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy. A thorough review of the public comment file revealed that the bank received no complaints pertaining to the institution's CRA performance since the previous examination. Sample reviews of the bank's approved and denied residential loan application files were conducted to check for fair lending issues. No discriminatory practices were noted.

The following information details RHCB's fair lending performance as it relates to the guidelines established by the Division of Banks Regulatory Bulletin 2.3-101.

The bank employs 11 individuals, two of whom work part-time. There are 6 bi-lingual employees who are fluent in Spanish and English. The bank employs two salaried loan originators, 1 for consumer loans and the other for residential loans.

RHCB offers a low-cost NOW checking account to all segments of its assessment area, including those with modest incomes, that meets the requirements of the Massachusetts Community and Banking Council's (MCBC) Basic Banking Program. This checking account features unlimited check writing and no monthly fees for direct deposit or if balance falls below \$1,000. A fee of \$3.00 is charged for balance below \$1,000. Also, a passbook/statement savings account is offered that features no monthly charges for direct deposit. For non-direct deposit account holders a monthly fee of \$2.00 is charged when the balance falls below \$250.

The bank offers a downpayment account for first-time homebuyers. With a minimum of \$200, individuals can open a savings account that is tied to the current 12-month certificate of deposit rate. Any first-time homebuyer can qualify for this account.

The bank distributes deposit and credit product information by way of periodic statements to its customers. RHCB currently refers delinquent members and denied applicants to the appropriate credit counseling agencies. To ensure consistency in underwriting practices, the bank's fair lending procedures incorporates a second review process that requires all denied residential mortgage loan applications to be reviewed by another loan officer.

The bank's policy and procedures for completing a credit application were reviewed and no discriminatory practices were noted. The review identified no violations of the substantive provisions of any anti-discrimination laws and regulations.

MINORITY APPLICATION FLOW

According to 1990 Census Data, RHCB's assessment area contained a total population of 72,121 individuals, 56.4 percent of which is representative of various minority groups. By comparison, RHCB's total loans to minority individuals, at 56.3 percent of the total loans originated during the period reviewed, is consistent with the percentage of minorities within the assessment area. By contrast, the 2001 aggregate data indicates that total minority loans at 20.4 percent is considerably lower than that of the bank.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

ROXBURY-HIGHLAND CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **OCTOBER 30, 2002**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 _____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.